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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended
June 30, 1992

Commission file number 0-6216

BRENTON BANKS, INC.

Incorporated in Iowa

I.R.S. Employers Identification
No. 42-0658989

Suite 300, Capital Square, 400 Locust, Des Moines, Iowa 50309

Registrant's telephone number, including area code: 515-237-5100

Former name, former address and former fiscal year, if changed since last report: Not applicable

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes __X__ No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date, July 31, 1992.

4,814,890 shares of Common Stock, $5.00 par value

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Brenton Banks, Inc. and Subsidiaries

Consolidated Statements of Condition

(Unaudited)

	June 30, 1992	December 31, 1991
Assets:		
Cash and due from banks	$ 50,919,675	50,367,190
Interest-bearing deposits with banks	3,879,499	8,929,990
Federal funds sold and securities purchased under agreements to resell	11,100,000	46,500,000
Investment securities (approximate market value of $517,898,000 and $429,228,000 at June 30, 1992 and December 31, 1991, respectively)	509,807,840	419,622,334
Assets held for sale	7,288,267	--
Loans	671,746,713	687,409,970
Allowance for loan losses	(8,822,673)	(8,426,949)
Loans, net	662,924,040	678,983,021
Bank premises and equipment	20,397,068	18,693,321
Accrued interest receivable	13,848,317	14,677,452
Other assets	14,648,033	15,839,501
Total assets	$ 1,296,812,739	1,253,612,809
Liabilities and stockholders' equity:		
Deposits:		
Noninterest-bearing	$ 121,752,095	114,777,219
Interest-bearing:		
NOW	183,874,875	175,901,666
Money market	146,333,054	140,065,303
Savings	106,369,466	96,723,415
Time	578,972,545	587,987,508
Total deposits	1,137,302,035	1,115,455,091
Federal funds purchased and securities sold under agreements to repurchase	41,115,513	23,590,439
Other short-term borrowings	1,557,885	4,173,553
Accrued expenses and other liabilities	11,958,890	12,759,140
Long-term borrowings	14,131,786	13,634,492
Total liabilities	1,206,066,109	1,169,612,715
Minority interest in consolidated subsidiaries	3,845,689	3,715,548
Preferred stock, $1 par; 500,000 shares authorized; issuable in series, none issued	--	--
Common stockholders' equity:		
Common stock, $5 par; 25,000,000 shares authorized; 4,814,090 shares issued at June 30, 1992, and 4,813,890 shares issued at December 31, 1991	24,070,450	24,069,450
Capital surplus	4,953,603	4,952,198
Retained earnings	55,876,888	51,262,898
Total common stockholders' equity	84,900,941	80,284,546
Total liabilities and stockholders' equity	$ 1,296,812,739	1,253,612,809

See accompanying notes to consolidated financial statements.

Brenton Banks, Inc. and Subsidiaries

Consolidated Statements of Operations

(Unaudited)

	For the 6 months ended June 30, 1992	1991	For the 3 months ended June 30, 1992	1991
Interest Income				
Interest and fees on loans	$ 32,966,767	34,747,145	16,212,969	17,504,447
Interest and dividends on investments:				
Taxable	12,958,810	13,301,643	6,439,351	6,689,143
Tax-exempt	3,512,608	3,012,008	1,817,547	1,562,575
Interest on interest-bearing deposits with banks	239,718	791,146	91,381	392,047
Interest on federal funds sold and securities purchased under agreements to resell	314,464	977,487	167,484	454,927
Total interest income	49,992,367	52,829,429	24,728,732	26,603,139
Interest Expense				
Interest on deposits	25,461,236	30,032,913	12,347,395	15,053,707
Interest on federal funds purchased and securities sold under agreements to repurchase	376,087	450,981	202,360	236,140
Interest on other short-term borrowings	91,875	288,142	39,003	143,640
Interest on long-term borrowings	636,654	642,798	300,721	326,541
Total interest expense	26,565,852	31,414,834	12,889,479	15,759,828
Net interest income	23,426,515	21,414,595	11,839,253	10,843,311
Provision for loan losses	657,496	358,158	333,748	184,325
Net interest income after provision for loan losses	22,769,019	21,056,437	11,505,505	10,658,986
Noninterest Income				
Service charges on deposit accounts	2,743,499	2,749,913	1,417,619	1,417,360
Insurance commissions and fees	812,129	703,601	408,632	365,340
Other service charges, collection and exchange charges, commissions and fees	1,865,222	1,397,181	989,216	736,003
Fiduciary income	851,727	747,825	414,265	369,492
Securities gains (losses), net	50,261	--	50,261	--
Other operating income	316,297	373,157	105,175	129,350
Total noninterest income	6,639,135	5,971,677	3,385,168	3,017,525
Noninterest Expense				
Salaries and wages	9,231,335	8,802,494	4,637,204	4,413,381
Employee benefits	1,735,644	1,642,551	777,711	718,892
Occupancy expense of premises, net	1,810,562	1,693,225	892,967	833,332
Furniture and equipment expense	1,132,791	912,847	596,715	457,035
Data processing expense	1,179,330	1,324,794	592,220	668,886
FDIC deposit insurance assessment	1,252,197	993,478	626,087	498,052
Other operating expense	4,780,210	4,216,133	2,463,900	2,149,594
Total noninterest expense	21,122,069	19,585,522	10,586,804	9,739,172
Income before income taxes and minority interest	8,286,085	7,642,592	4,303,869	3,937,339
Income taxes	2,143,091	1,909,588	1,110,508	1,000,015
Income before minority interest	6,142,994	5,533,004	3,193,361	2,937,324
Minority interest	301,437	255,599	157,900	131,705
Net income	$ 5,841,557	5,277,405	3,035,461	2,805,619
Per common share:				
Net income	$ 1.21	1.10	0.63	0.59
Cash dividends	0.255	0.235	0.130	0.120

See accompanying notes to consolidated financial statements.

Brenton Banks, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(Unaudited)

	For the 6 months ended June 30, 1992	1991
Operating Activities:		
Net income	$ 5,841,557	5,277,405
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	657,496	358,158
Depreciation and amortization	1,380,410	1,108,718
Gains on sales of assets held for sale	(50,261)	--
Proceeds from sales of assets held for sale	12,517,725	--
Increase in loans held for sale	(1,594,020)	--
Decrease in accrued interest receivable and other assets	1,791,546	75,318
Decrease in accrued expenses, other liabilities and minority interest	(670,109)	(2,510,178)
Net cash provided from operating activities	19,874,344	4,309,421
Investing Activities:		
Acquisition of bank branches	--	(333,500)
Cash and cash equivalents of acquired bank branches	--	16,110,116
Proceeds from maturities of investment securities	124,012,524	62,502,414
Proceeds from sales of investment securities	--	2,517,555
Purchases of investment securities	(232,359,741)	(108,509,706)
Net (increase) decrease in loans	15,401,685	(21,332,547)
Purchases of bank premises and equipment, net	(2,855,100)	(1,874,253)
Net cash used by investing activities	(95,800,832)	(50,919,921)
Financing Activities:		
Net increase in noninterest-bearing, NOW, money market and savings deposits	30,861,907	4,386,148
Net increase (decrease) in time deposits	(9,014,963)	11,054,028
Net increase in federal funds purchased and securities sold under agreements to repurchase	17,525,074	4,626,245
Net decrease in other short-term borrowings	(2,615,668)	(2,306,407)
Net increase in long-term borrowings	497,294	938,199
Dividends on common stock	(1,227,567)	(1,128,115)
Proceeds from issuance of common stock under the stock option plan	2,405	96,837
Net cash provided from financing activities	36,028,482	17,664,935
Net decrease in cash and cash equivalents	(39,898,006)	(28,945,565)
Cash and cash equivalents at the beginning of the year	105,797,180	112,304,774
Cash and cash equivalents at the end of the period	$ 65,899,174	83,359,209

Supplemental Cash Flow Information
(Unaudited)

Interest paid during the period	$ 26,565,852	31,238,843
Income taxes paid during the period	1,726,684	1,949,188
Transfers from investment securities to assets held for sale	18,161,711	--

See accompanying notes to consolidated financial statements.

PART 1 -- Item 1. Financial Statements

BRENTON BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(Unaudited)

1. Adjustments and Reclassifications

The accompanying financial statements for the interim periods were prepared without audit. In the opinion of management, all adjustments which were necessary for a fair presentation of financial position and results of operations, have been made. These adjustments were of a normal recurring nature.

2. Additional Footnote Information

In reviewing these financial statements, reference should be made to the 1991 Annual Report to Shareholders for more detailed footnote information.

3. Statements of Cash Flows

In the statements of cash flows, cash and cash equivalents include cash and due from banks, interest-bearing deposits with banks and federal funds sold and securities purchased under agreements to resell.

4. Income Taxes

The Company adopted the use of Statement of Financial Accounting Standard No. 96, relating to accounting for income taxes, effective January 1, 1985.

Federal income tax expense for the six months ended June 30, 1992 and 1991, was computed using statutory income tax rates.

For the first six months of 1992 and 1991, the Company also recognized income tax expense pertaining to state franchise taxes payable individually by the subsidiary banks.

5. Common Stock Transactions

During the second quarter of 1992, options on 200 shares of common stock were exercised under the Company's Non-Qualified Stock Option Plan. The exercise price on these options was the fair market value of the Company's common stock at the date of grant. This transaction added $2,405 to the equity of the Company.

6. Income Per Share

Income per common share computations are based on the weighted average number of shares of common stock outstanding during the period. The weighted average number of shares for 1992 and 1991 were 4,813,983 and 4,802,967, respectively.

7. Investment Securities (Significant Accounting Policies and Related Matters)

Investment securities are purchased with the original intent to hold to maturity and events which may be reasonably anticipated are considered when determining the Company's intent to hold to maturity. Securities meeting such criteria when purchased (and/or at reporting dates) are carried at cost, adjusted for amortization of premiums and accretion of discounts. The timing of the amortization and accretion for mortgage-backed securities is adjusted for actual prepayment experience. The Company disposes of securities prior to maturity only in the unforeseen event that circumstances would dictate a sale to meet liquidity needs, or in response to a significant external event beyond its control, such as a significant change in interest rates, financial markets, tax status, or credit strength of the issuer. When the Company anticipates selling selected securities, those securities are transferred to assets held for sale and are carried on the financial statements at the lower of aggregate cost or market value. Net gains or losses on the sale of securities are shown separately in the statements of operation. Gains or losses are computed using the specific security identification method.

8. Assets Held for Sale (Significant Accounting Policies and Related Matters)

Investment securities and loans held with the intent to sell in the foreseeable future are classified as assets held for sale and are carried at the lower of aggregate cost or market value. The resulting unrealized losses are reflected as adjustments to securities losses on the statements of operations.

PART 1 -- Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Capital Resources

Brenton Banks, Inc. and subsidiaries (the "Company) earned record net income during the first half of 1992. These record earnings of $5,841,557 reflected a 10.7% increase over the first half of 1991. These record earnings increased stockholders' equity 5.8% from the end of 1991, to a June 30, 1992 total of $84,900,941.

The Company's strong earnings performance prompted the Board of Directors to increase the dividend paid to common stockholders to $.135 in July, 1992. This dividend was payable July 28, 1992, to shareholders of record on July 16, 1992.

The Company safely exceeds all regulatory capital requirements at June 30, 1992. The Company's risk-based core capital ratio was 11.99% at the end of the second quarter while the total risk-based capital ratio was 13.24%. These exceed the respective 4.00% and 8.00% minimum regulatory guidelines. The Company's tier 1 leverage ratio, which measures capital excluding intangible assets, was 6.41% at June 30, 1992, exceeding the regulator's minimum requirement range of 3.00% to 5.00%.

Brenton Banks, Inc. (the "Parent Company") reduced its short-term debt by $2,550,000 during the first half of 1992. That reduced the Parent Company's debt-to-equity ratio to 15.3% at June 30, 1992, down from 18.6% at the end of 1991. The Parent Company's short-term debt was originally incurred to add capital to Brenton Bank and Trust Company of Cedar Rapids for a major acquisition from the Resolution Trust Corporation (RTC). The Parent Company's long-term borrowings rose $572,000 in the first half of 1992 because of additional sales of the Company's capital notes.

Brenton Banks, Inc. common stock closed the second quarter of 1992 at a bid price of $23.00, compared to book value on the same day of $17.64 per share. One year ago the closing bid price was $17.75 and the book value was $15.75 per share.

Liquidity

The Company monitors and manages its liquidity position. The objective is to maintain sufficient cash flows to fund operations and meet customer obligations and commitments as they arise. Federal funds sold and assets held for sale are readily marketable assets. Maturities of investment securities are managed in order to meet the Company's normal liquidity needs. The Company could dispose of securities prior to maturity in the unforeseen event that circumstances would dictate a sale to meet liquidity needs. Sales of securities under these circumstances are executed only if the sale is consistent with safe and sound banking practices.

Additionally, the Company has a low dependence on volatile liabilities. This combination provides an overall high degree of liquidity for the Company.

The operations of the Company provide another major source of liquidity, with net cash provided from operations of $19,874,344 for the first half of 1992. This profitability trend is expected to continue into the foreseeable future.

The majority of long and short-term borrowing activity relates to the Parent Company. The sale of capital notes by the Parent Company provides a source of long-term borrowings to fund the reduction of short-term indebtedness, to pay current maturities of long-term indebtedness, and for general corporate purposes. Additionally, the Company maintains a borrowing relationship with American National Bank of Chicago. The debt-to-equity level of the Company is low enough to provide additional borrowing capacity should the need or desire arise.

Results of Operations

Acquisitions

Brenton Banks, Inc. continues to pursue its growth goals with plans announced late in 1991 of a proposed merger with Ames Financial Corporation. A definitive agreement for the merger was signed in June and now requires approval of regulatory agencies and Ames Financial Corporation's stockholders. If approved, Ames Financial Corporation and its subsidiary, Ames Savings Bank, FSB, will add approximately $107 million in assets to Brenton's June 30, 1992 asset base of $1.3 billion. Ames Financial Corporation had equity of $6.9 million at June 30, 1992, and earnings for the first six months of 1992 of $488,353.

Ames Financial Corporation is located in Ames, Iowa, the home of Iowa State University which has approximately 25,000 students. The University is the cornerstone of the stable economy of this community of 47,000 people. Ames Financial Corporation is the holding company for Ames Savings Bank, FSB, which has increasing earnings, a stable deposit base, a quality management group, and high quality investment and loan portfolios. The loan portfolio is comprised primarily of local residential real estate loans.

The proposed merger will be accomplished by a stock-for-stock exchange. Brenton Banks, Inc. will not issue fractional shares of common stock. Instead, each holder will receive an amount of cash equal to a fair market value of the fractional shares. This cash requirement for fractional shares as well as that related to dissenters' shares is expected to require a minimal amount of cash that will be covered by additional bank borrowings if necessary.

There are currently no other pending or contemplated acquisitions which would require Brenton Banks, Inc. to secure additional capital from the public or private markets.

The six months ended June 30, 1992, compared to the six months ended June 30, 1991.

Net Income:

For the six months ended June 30, 1992, Brenton Banks, Inc. posted record earnings of $5,841,557, reflecting a 10.7% increase over the first six months of 1991. Net income for the six month period totaled $1.21 per common share compared to $1.10 per common share for the first half of 1991. The annualized return on average assets (ROA) was .97%, which compares to .94% one year ago. The annualized return on average equity (ROE) was 14.19% compared to 14.36% for the same period of 1991.

Net Interest Income:

Growth in net interest income was the most significant factor in Brenton Banks, Inc. record earnings. Compared to the first six months of 1991, net interest income grew 9.4% to $23,426,515 for the first half of 1992. This improvement was generated in part by the 7.4% increase in average interest-earning assets. The net interest margin for the first half of 1992 was 4.21% compared to 4.12% one year ago.

Loan Quality:

Brenton Banks, Inc. maintains excellent asset quality and, therefore, the provision expense for loan losses remained low at $657,496 for the first six months of 1992, compared to $358,158 one year ago. Net charge-offs totaled $261,772 or an annualized 0.08% of average loans. This compares to an average of 0.63% of average loans among a peer group of 33 Midwest banks and bank holding companies, according to the first quarter 1992 *Midwest Regional Banking Review* (the most current information available) issued by Stifel, Nicolaus & Co., Inc.

The Company's nonperforming loans totaled $5,873,000 or 0.87% of loans on June 30, 1992, compared to $6,963,000 or 1.05% of loans one year ago. This compares to the Midwest peer group average of 1.77% of loans at March 31, 1992.

At June 30, 1992, the Company's reserve for loan losses was 1.31% of loans and 150.22% of nonperforming loans, compared to 1.33% of loans and 126.21% of nonperforming loans one year ago. On a comparative basis, the midwest peer group average of reserve for loan losses was 129.2% of nonperforming loans at March 31, 1992.

Net Interest Income and Expense:

For the first half of 1992, noninterest income grew 11.2% to $6,639,135 from $5,971,677 during the same period of 1991. Other charges and fees, a component of noninterest income, rose 33.5% from one year ago to $1,865,222. This increase stems largely from the $474,481 of loan fees associated with recent high levels of home mortgage refinancings on loans sold in the secondary market. Additionally, the Company's emphasis on growth in investment brokerage resulted in the formation of Brenton Brokerage Services, Inc., a licensed broker-dealer, and a 31.9% increase in brokerage commissions.

Noninterest expense increased 7.8% from one year ago due partially to an additional $258,719 in FDIC deposit insurance expense. This increase came as the result of an increase in insurance assessment rates coupled with the Company's deposit growth. Improvements in Brenton's facilities and technology, which is part of the corporate mission to improve customer service and streamline operations, resulted in a $260,141 increase in depreciation expense over last year. Other expense categories increased with the exception of electronic data processing fees which decreased through negotiation of Brenton's contract for data processing services.

Operational Changes:

Brenton Banks, Inc. continues to work toward improvement in the net noninterest margin, a measurement of the Company's operating efficiency. The margin, which is the excess of noninterest expense over noninterest income (excluding securities transactions) as a percent of average assets, was 2.30% for the first half of 1992, compared to 2.31% for the same period of 1991.

To reduce this margin to the Company's 2.00% goal, a variety of strategies have been employed. Currently, Brenton Banks, Inc. is working toward fully implementing some strategies which will result in long-term earnings improvement for the Company. In the short-term, however, the Company's noninterest expense may increase due to one time implementation expenses.

During the first half of the year, the Company experienced some of these anticipated one time costs associated with implementation of computer information retrieval, which reduces paper documents, and centralization of certain bookkeeping and accounting activities. To date, four banks have been converted to Brenton's new centralized service organization, Brenton Bank Services Corporation. The goal is to enhance operating efficiency while allowing bank personnel to focus their efforts on product sales and service. Once the remaining Brenton banks are converted, the additional start-up costs will begin to be offset by long-term reductions in operating costs.

The proof operation has been out-sourced as a function of the centralized operations. While providing cost-savings, this has shifted expenses from salaries and benefits, occupancy expense, and furniture and equipment expense to other operating expense. The out-sourcing cost for the first half of 1992 was $279,274.

Additional one-time expense was also related to the proposed merger of Brenton Banks, Inc. and Ames Financial Corporation. For the first half of 1992, $158,000 of acquisition costs have been added to other operating expenses. These are one-time costs associated with the merger itself. As a result of these actions, Brenton anticipates the acquisition will add to a stronger asset base and earnings performance beyond 1992.

Income Taxes:

The Company's income tax strategies include reducing income taxes by purchasing securities and originating loans which produce tax-exempt income. The goal is to maintain the maximum level of tax-exempt assets which will be beneficial to the Company on both a tax savings and tax-equivalent yield basis. The effective rate of income taxes as a percent of income before income taxes and minority interest was 25.9% for the first half of 1992, and 25.7% for the first half of 1991.

The three months ended June 30, 1992, compared to the three months ended June 30, 1991.

Net income for the second quarter of 1992 was a record $3,035,461 up 8.2% from $2,805,619 for the same quarter of 1991. Earnings per common share totaled $.63 for the second quarter of 1992, compared to $.59 one year ago. The annualized quarterly return on average equity (ROE) was 14.73% while the annualized quarterly return on average assets (ROA) was 1.00%.

The largest component of growth in net income was the $995,942 increase in net interest income for the second quarter compared to one year ago. The rise in net interest income was partially based on the increased volume of average interest-earning assets which rose 7.0% from the second quarter of 1991. The net interest margin was 4.22% for the second quarter of 1992.

Brenton Banks, Inc. continues to maintain a quality loan portfolio. The strength of the portfolio has allowed the Company to retain a strong allowance for loan losses while keeping the provision for loan loss expense low. The provision expense for the second quarter of 1992 totaled $333,748 compared to $184,325 one year ago. Please refer to the six month discussion for an analysis of the level of the reserve for loan losses and nonperforming loans.

As previously discussed, the Company is focusing on a ratio known as the net noninterest margin which is an overall measurement of operating efficiency. Management has set an aggressive goal to improve this margin to 2.00%. The annualized net noninterest margin based on the second quarter 1992 results was 2.28%.

A 10.5% increase in noninterest income (excluding securities transactions) contributed to the overall improvement of net noninterest margin for the second quarter. Other service charges and fees were the predominant component of this increase. As noted in the six months results, this increase stems largely from the $226,399 of loan fees in the second quarter associated with the recent high levels of home mortgage refinancings on loans sold in the secondary market. Additionally, investment brokerage commissions rose $62,317, to a total of $347,901 for the quarter.

Brenton's intent and practice is to purchase investment securities with the original intent to hold them until their maturity. Brenton disposes of securities prior to maturity only in response to a significant external event beyond its control, such as a significant change in interest rates. Because of the current low level of interest rates, management determined it was in the best interest of the Company to sell selected short-term, low rate securities. The sales of these securities resulted in a modest gain of $50,261 for the quarter. Sales of such securities under these circumstances are executed only when the sale is consistent with safe and sound banking practices.

Noninterest expense for the second quarter rose 8.7% from the same quarter one year ago. As in the six months results, this increase was due partially to an additional $128,035 in the FDIC deposit insurance expense. As previously mentioned, depreciation also added to the increased expense because of improvements in Brenton's facilities and technology.

Looking Ahead

Brenton Banks, Inc. actions are guided by the mission of being Iowa's premier banking organization in service to customers and value to shareholders. The management of Brenton Banks, Inc. is pleased to have achieved record earnings during a quarter when the Company also incurred additional expense associated with growth and efficiency strategies.

Streamlining operational functions and the proposed merger of Ames Financial Corporation will continue to cause added expense throughout 1992. However, management is confident that these actions will further enhance Brenton's ability to increase value to shareholders.

PART 2 -- Item 6. Exhibits and Reports on Form 8-K

(b) Reports on Form 8-K -- There were no reports on Form 8-K filed for the three months ended June 30, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BRENTON BANKS, INC.

(Registrant)

August 13, 1992

Dated

J. C. Brenton, President

August 13, 1992

Dated

Steven T. Schuler
Chief Financial Officer and
Vice President/Treasurer/Secretary